

Ami Organics | BUY

Stellar performance continues

Ami's earnings print was significantly better than our and consensus expectations. Its 4QFY25 EBITDA was 19% above our estimate on account of a sharp jump in CDMO sales and resultant positive operating leverage. We had, in our Mar'25 report (click [here](#)), highlighted the robust demand for Nubeqa intermediates supplied by Ami. Considering the continued strong off-take of Nubeqa intermediates along with other CDMO projects (one of which is expected to contribute to top line from FY26), the company has reiterated its target of INR 10bn of CDMO sales by FY28E. We, however, have conservatively built in INR 9.2bn of CDMO sales by FY28E. We believe, Ami has multiple growth levers in place in the form of - i) continued robust Fermion contract sales, ii) commercialisation of another CDMO contract, iii) healthy growth in generic intermediate portfolio and iv) contribution from electrolyte additives from FY26E. Further, on a full year basis, company's EBITDA margin is likely to inch up to ~26% by FY27E. Factoring in 4QFY25 results and management commentary, we have raised our FY26/27 EBITDA and EPS estimates by ~1-2%. We estimate Ami to register 31%/32% EBITDA/EPS CAGR over FY25-28E. We maintain BUY with a revised Mar'26 TP of INR 1,330/share (based on 35x Mar'27E EPS). Higher than 5% QoQ sales growth in Nubeqa (reported by Bayer) in the next 3-4 quarters may act as a positive surprise.

- **Jump in CDMO sales to Fermion drives EBITDA beat:** Ami Organics' 4QFY25 consolidated gross profit came in at INR ~1.5bn (up 15%/62% QoQ/YoY) as revenue came in 8%/15% above JMFe/consensus at INR 3.1bn (up 12%/37% QoQ/YoY) and gross margin increased sequentially to 47.3% (vs. 47% of JMFe and 46.2% in 3QFY25). During the quarter, other expenses came in at INR 377mn (vs. JMFe of INR 385mn). EBITDA was 19%/25% above JMFe/consensus and stood at INR 850mn (up 24%/97% QoQ/YoY). Further, PAT was 28% above JMFe and stood at INR 627mn (up 38%/144% QoQ/YoY).
- **Sales beat driven by jump in pharma intermediate sales:** In 4QFY25, Ami's pharma intermediate sales jumped to ~INR 2.7bn (vs. JMFe of ~INR 2.5bn and ~INR 2.4bn in 3QFY25, up 14%/44% QoQ/YoY). This jump could be due to a jump in CDMO sales to Fermion. Specialty chemicals revenue fell slightly to INR 357mn (vs. JMFe of INR 375mn and INR 361mn in 3QFY25, down 1% QoQ while up 1% YoY). In 4QFY25, pharma intermediate EBITDA margin was 24.5% and speciality chemicals margin was 14.7%.
- **Estimate 32% EPS CAGR over FY25-28E:** On account of i) healthy growth in generic intermediate portfolio due to patent expiration in CY25-26, ii) continued strong ramp-up of Fermion contract sales, iii) commercialisation of another CDMO contract in FY26E and iv) contribution from electrolyte additives from FY26E, Ami has strong revenue visibility. Factoring in jump in EBITDA margin, our FY26E/27E EBITDA and EPS estimates are revised upwards by ~1%/2% and ~2%/2% respectively. We estimate Ami to register a robust 25%/31%/32% sales/EBITDA/EPS CAGR over FY25-28E. We maintain BUY with a revised Mar'26 TP of INR 1,330/share (based on 35x Mar'27E EPS) (from INR 1,303 earlier).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	7,175	10,069	13,166	16,656	19,788
Sales Growth (%)	16.3	40.3	30.8	26.5	18.8
EBITDA	1,285	2,321	3,323	4,368	5,182
EBITDA Margin (%)	17.9	23.0	25.2	26.2	26.2
Adjusted Net Profit	808	1,604	2,323	3,069	3,700
Diluted EPS (INR)	9.9	19.6	28.4	37.5	45.2
Diluted EPS Growth (%)	-3.0	98.6	44.8	32.2	20.5
ROIC (%)	9.7	15.8	17.5	19.3	20.9
ROE (%)	12.7	16.2	16.4	18.4	18.6
P/E (x)	117.7	59.3	41.0	31.0	25.7
P/B (x)	14.1	7.3	6.2	5.3	4.4
EV/EBITDA (x)	75.5	40.1	28.3	21.2	17.5
Dividend Yield (%)	0.1	0.1	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 02/May/2025



Krishan Parwani

krishan.parwani@jmfl.com | Tel: (91 22) 6630 3073

Siddhinathan KN

siddhinathan.kn@jmfl.com | Tel: (91 22) 6630 3048

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,330
Upside/(Downside)	14.4%
Previous Price Target	1,303
Change	2.1%

Key Data – AMIORG IN

Current Market Price	INR1,161
Market cap (bn)	INR95.1/US\$1.1
Free Float	53%
Shares in issue (mn)	81.9
Diluted share (mn)	81.9
3-mon avg daily val (mn)	INR716.4/US\$8.5
52-week range	1,322/504
Sensex/Nifty	80,502/24,347
INR/US\$	84.5

Price Performance

%	1M	6M	12M
Absolute	-6.0	17.9	91.2
Relative*	-12.0	16.4	75.5

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

4QFY25 Result Review

Key takeaways from post-results conference call

- **Revenue growth expected to be 25% in FY26** – The management said it is confident of delivering 25% revenue growth in FY26. This is set to be driven by continued growth in the CDMO business, improvement in sales of generic molecules aided by several patent expirations in CY25 and CY26 and electrolyte additives production from 2HFY26. It also said that, due to the nature of the company's business cycle, 1Q could be the weakest quarter with top line steadily increasing sequentially till 4Q, which is always the strongest quarter. As a result, 1HFY26 might appear softer with 40% top line contribution while the remaining 60% for the year will come in 2HFY26.
- **EBITDA margin to improve YoY in FY26** – The management believes that EBITDA margin will improve in FY26 (compared to FY25). In FY25, EBITDA margin for the advanced pharma intermediate was 24.5% while specialty chemicals EBITDA margin was 14.7%; blended total EBITDA margin was ~23%. The specialty chemicals segment margin is expected to be at the current level in FY26. The company expects the specialty chemicals margin to start improving from this level from 4QFY26 or 1QFY27 as the electrolyte additives and Baba Fine Chem operations are scaled up gradually.
- **Guidance of INR 10bn CDMO sales by FY28 unchanged** – The management said it was seeing increasing enquiries in the CDMO space with India being a viable alternative to China. It added that commercialisation of a new CDMO contract remains on track with the company in the qualification stage with the customer. Also, revenue contribution from this new CDMO contract is expected from 2HFY26. Additionally, the company has a strong pipeline of CDMO molecules in clinical trials coming up with several innovators worldwide.
- **Generic portfolio to see healthy growth** – The company said its generic business has been growing at a good pace and further growth is expected in FY26. This is set to be driven by expiration of patents for several molecules in CY25 and CY26. The management indicated that it has already started seeing good traction in the market for the same.
- **Specialty chemicals commodity volume saw >25% YoY growth in FY25** – The company said commodity volume, including that of paraben and salicylic acid, in specialty chemicals saw 25% YoY growth in FY25. It expects similar growth in the business in FY26.
- **Electrolyte additives capex to be completed in 1HFY26, production from 2HFY26** – The company said it is on track to complete the electrolyte additives capex at Jhagadia in 1HFY26 with production expected to start in 2HFY26. It plans to gradually ramp up operations to reach optimum utilisation in 3 years.
- **6-8 customers onboarded for Baba Fine Chem in FY25** – The company added 6-8 customers for Baba Fine Chem. It had initiated strategic initiatives in Korea, Japan and Taiwan with samples already submitted to various customers in those markets in addition to discussions with a big semiconductor manufacturer. It aims to ramp up operations in the next 1-2 years.
- **Pilot plant to come up in Sachin** – The company is planning to set up a pilot plant at Sachin, which will enable it to expedite scale-up of new products from R&D as well as manufacture new products under the CRAMS model. This plant will also support the large capacity coming up at Ankleshwar.
- **INR 2bn capex planned for FY26** – The management has indicated a capex of INR 2bn for FY26, comprising spillover capex of INR 1.3bn for electrolyte additives and the rest for maintenance and a pilot plant at Sachin. This will be fully funded through QIP proceeds and internal accruals. Capex for FY25 stood at INR 1.95bn primarily for the Ankleshwar facility, solar plant and electrolyte additives capacity. Block 1 at Ankleshwar is set to be commissioned in 1QFY26 with a 10.8MW solar plant already commissioned at the Sachin facility.

- **Working capital days at 114 in FY25** – The management informed that working capital days stood at 114 days in FY25, slightly lower than 116 days in FY24. This was driven by improvement in inventory days and stable receivable days.

Exhibit 1. Ami Organics quarterly financial snapshot

Consolidated (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	4QFY25E	% QoQ	% YoY	% diff vs. JMFe
Net Sales	1,537	1,724	1,664	2,250	1,767	2,467	2,750	3,085	2,850	12%	37%	8%
COGS	801	1,016	950	1,350	1,023	1,396	1,478	1,625	1,525	10%	20%	
Gross Profit	736	708	714	900	743	1,072	1,272	1,460	1,325	15%	62%	
Gross margin	47.9%	41.0%	42.9%	40.0%	42.1%	43.4%	46.2%	47.3%	47%	108bps	734bps	
Employee cost	141	158	161	170	191	197	217	233	225	8%	37%	
Employee cost as % of sales	9%	9%	10%	8%	11%	8%	8%	8%	8%	-33bps	-2bps	
Other expenditure	255	301	288	297	258	386	368	377	385	2%	27%	
Other expenditure as % of sales	17%	17%	17%	13%	15%	16%	13%	12%	14%	-116bps	-99bps	
EBIDTA	340	248	265	432	295	489	687	850	715	24%	97%	19%
EBITDA margin	22.1%	14.4%	15.9%	19.2%	16.7%	19.8%	25.0%	27.5%	25%	257bps	835bps	
Depreciation	37	37	38	49	62	68	63	73	68	16%	49%	
EBIT	303	211	228	383	233	421	623	777	647	25%	103%	
Interest Expense	5	8	25	21	44	5	7	6	4	-12%	-71%	
Other Income	12	15	35	13	10	84	17	58	17	246%	331%	
Exceptional items	0	-318	0	-3	0	0	0	0	0			
PBT	309	-99	237	372	200	500	633	828	660	31%	122%	
Tax	87	71	59	115	53	125	179	201	172	12%	75%	
PAT	222	-170	178	257	147	375	454	627	488	38%	144%	28%
PAT margin	14%	-10%	11%	11%	8%	15%	17%	20%	17%	380bps	890bps	
Basic EPS (INR)	2.7	-2.1	2.2	3.1	1.8	4.6	5.5	7.6	6.0			
Tax rate	28%	-71%	24.9%	30.9%	26.4%	24.9%	28.2%	24.3%	26.0%	-396bps	-665bps	

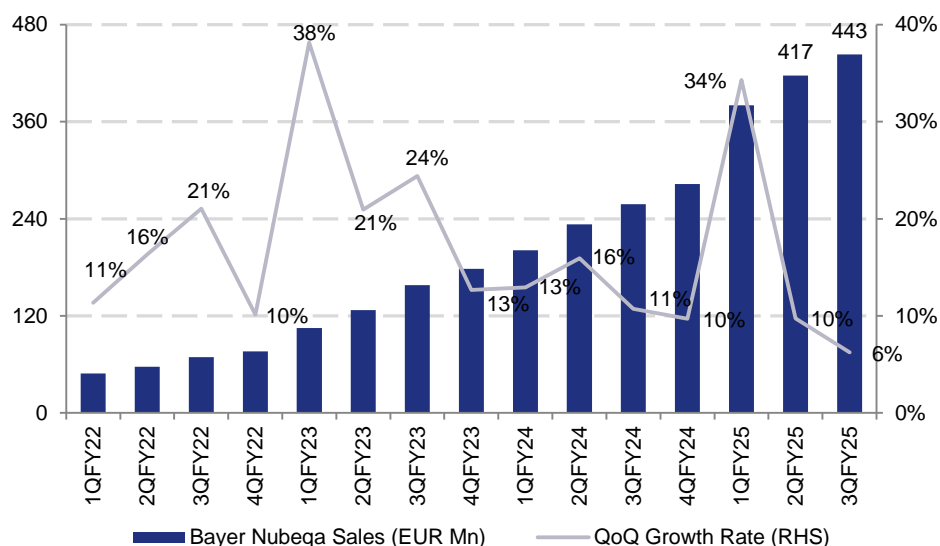
Source: Company, JM Financial

Exhibit 2. Ami Organics quarterly segment snapshot

(INR Mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	4QFY25E	% QoQ	% YoY	% diff vs. JMFe
Pharma Intermediates	1,150	1,346	1,286	1,896	1,345	2,061	2,389	2,728	2,475	14%	44%	10%
Specialty Chemicals	387	378	378	353	421	406	361	357	375	-1%	1%	-5%

Source: Company, JM Financial

Exhibit 3. Ramp-up in Bayer's Nubeqa sales bodes well for Ami's Fermion contract



Source: Industry, JM Financial

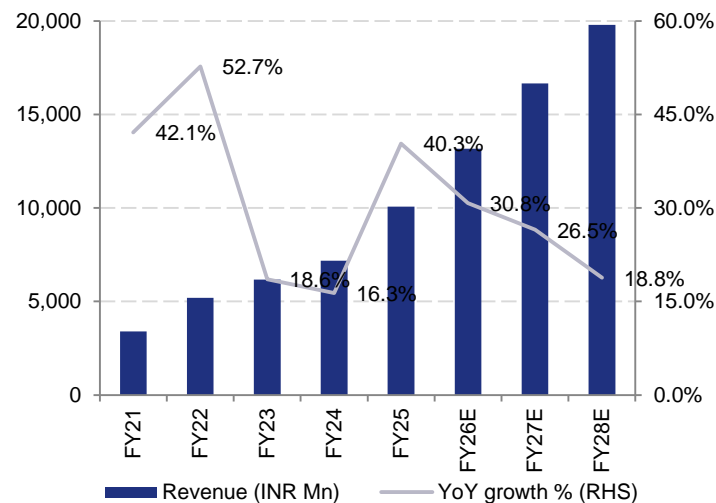
Assumptions and Estimates

Exhibit 4. Change in estimates

	New	Old	Difference
EBITDA (INR Mn)			
FY26	3,323	3,306	0.5%
FY27	4,368	4,277	2.1%
FY28	5,182	NA	NA
PAT (INR Mn)			
FY26	2,323	2,285	1.7%
FY27	3,069	3,012	1.9%
FY28	3,700	NA	NA
EPS (INR)			
FY26	28.4	27.9	1.6%
FY27	37.5	36.8	1.9%
FY28	45.2	NA	NA

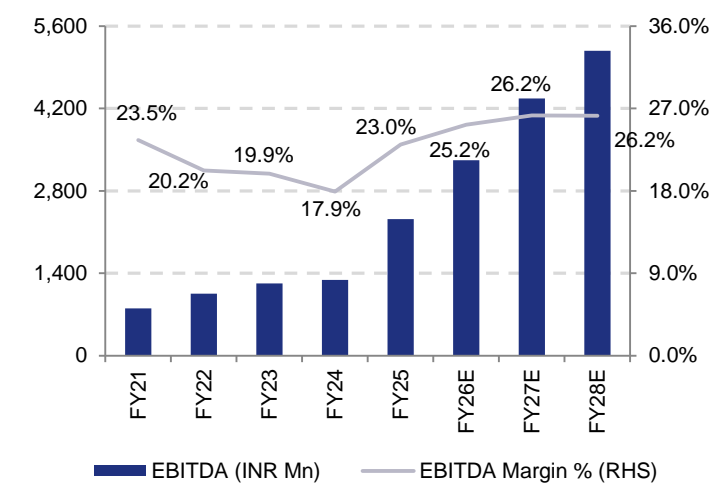
Source: JM Financial

Exhibit 5. Ami's revenue likely to register 25% CAGR over FY25-28E



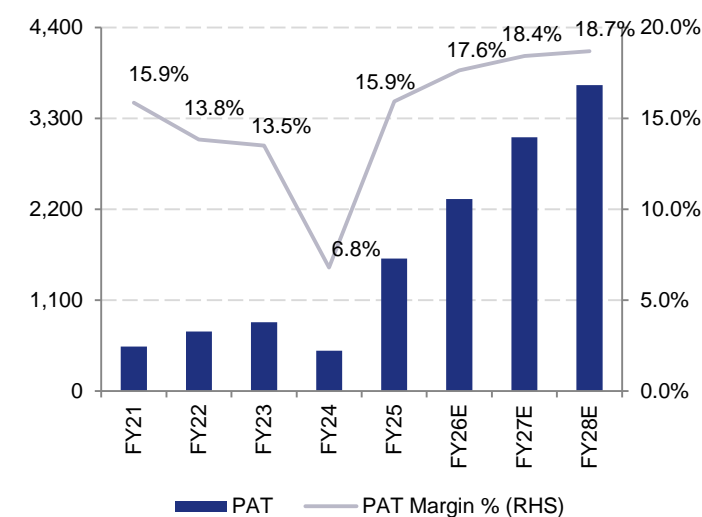
Source: Company, JM Financial

Exhibit 6. Ami's EBITDA likely to post 31% CAGR over FY25-28E



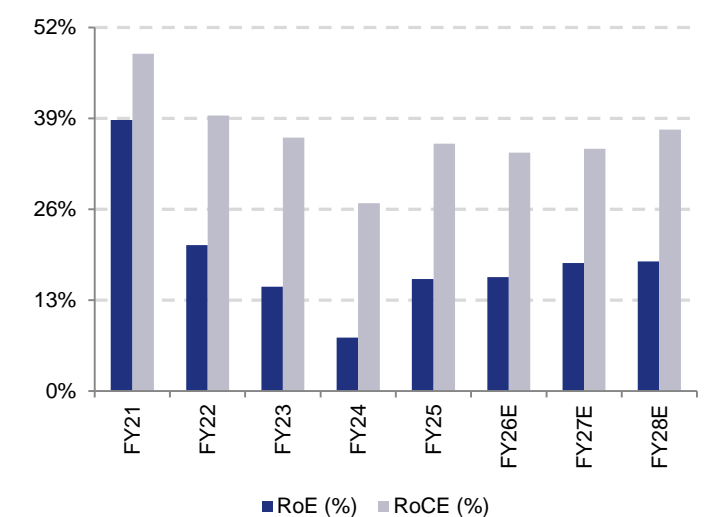
Source: Company, JM Financial

Exhibit 7. Ami's PAT likely to register 32% CAGR over FY25-28E



Source: Company, JM Financial

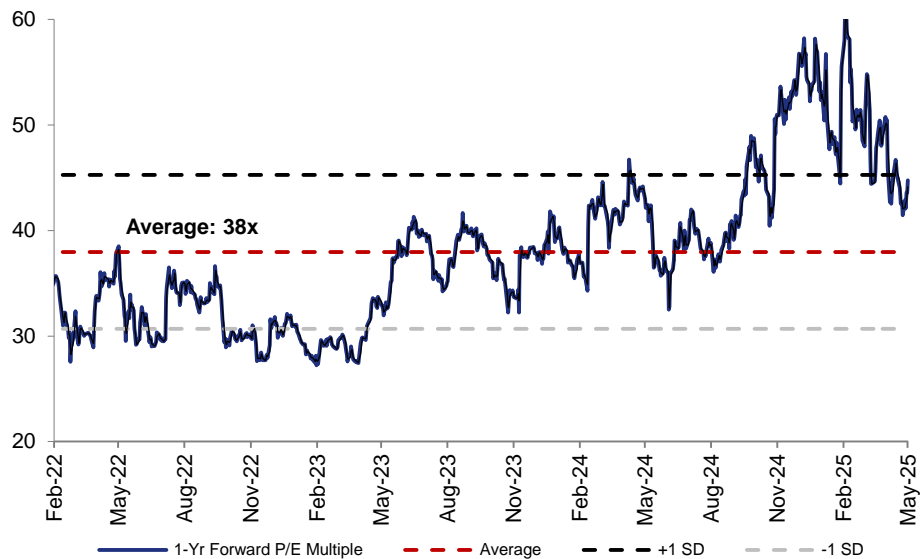
Exhibit 8. RoE and RoCE (pre-tax) likely to improve post FY26E



Source: Company, JM Financial

Valuation

Exhibit 9. Ami is currently trading at ~44.7x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 10. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,970	3,115	65.9	73.2	45.5	32.9	7.7	7.1	6.3	5.4	35.6	34.3	25.8	19.9	12.3	10.0	14.6	17.6
PI Industries	HOLD	3,716	3,860	33.8	33.7	32.4	28.4	6.5	5.4	4.6	4.0	26.1	23.4	21.0	18.2	21.0	17.5	15.5	15.1
Deepak Nitrite	BUY	1,990	2,305	33.5	42.5	32.5	25.9	5.6	5.1	4.4	3.8	24.1	27.8	21.8	17.3	18.2	12.5	14.5	15.9
Clean Science	BUY	1,169	1,670	50.9	47.0	35.8	28.0	10.3	8.5	6.9	5.6	36.4	30.9	25.1	19.2	22.1	19.8	21.3	22.0
Fine Organic	SELL	4,047	3,670	33.7	32.4	32.6	32.5	6.7	5.7	5.0	4.4	23.8	23.0	22.4	21.0	21.8	19.0	16.3	14.4
Galaxy Surfactants	HOLD	2,130	2,605	25.0	24.8	22.2	20.4	3.5	3.1	2.7	2.4	15.7	14.8	13.2	11.9	14.8	13.1	12.9	12.4
PCBL Chemical	HOLD	361	410	27.7	31.3	24.7	19.5	4.2	3.7	3.4	3.0	17.4	13.9	13.0	11.2	16.2	12.5	14.3	16.3
Ami Organics	BUY	1,161	1,330	117.6	59.3	40.9	31.0	14.1	7.3	6.2	5.2	75.3	40.0	28.2	21.2	12.7	16.2	16.4	18.4
Anupam Rasayan	HOLD	872	685	74.5	107.8	61.2	38.3	3.5	3.3	3.1	2.8	27.5	27.1	20.9	16.5	5.0	3.1	5.2	7.7
Archean Chemicals	BUY	604	620	23.3	31.5	22.2	14.4	4.4	4.0	3.4	2.8	15.4	20.4	13.6	8.8	20.4	13.3	16.7	21.6
Tatva Chintan Pharma Chem	SELL	704	585	54.3	209.5	64.1	36.1	2.2	2.2	2.2	2.0	23.8	45.9	25.8	18.1	4.8	1.1	3.4	5.8
Paradeep Phosphates	BUY	145	145	118.5	27.3	20.1	14.7	3.3	3.0	2.6	2.2	24.3	14.1	11.6	9.2	2.8	11.5	13.7	16.2

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	7,175	10,069	13,166	16,656	19,788
Sales Growth	16.3%	40.3%	30.8%	26.5%	18.8%
Other Operating Income	0	0	0	0	0
Total Revenue	7,175	10,069	13,166	16,656	19,788
Cost of Goods Sold/Op. Exp	4,117	5,522	7,057	8,828	10,468
Personnel Cost	631	837	987	1,166	1,385
Other Expenses	1,142	1,390	1,799	2,294	2,753
EBITDA	1,285	2,321	3,323	4,368	5,182
EBITDA Margin	17.9%	23.0%	25.2%	26.2%	26.2%
EBITDA Growth	4.8%	80.6%	43.2%	31.5%	18.6%
Depn. & Amort.	161	266	402	512	566
EBIT	1,124	2,055	2,921	3,856	4,616
Other Income	75	169	221	291	384
Finance Cost	59	62	3	0	0
PBT before Excep. & Forex	1,140	2,162	3,139	4,148	5,000
Excep. & Forex Inc./Loss(-)	-321	0	0	0	0
PBT	819	2,162	3,139	4,148	5,000
Taxes	332	557	816	1,078	1,300
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	487	1,604	2,323	3,069	3,700
Adjusted Net Profit	808	1,604	2,323	3,069	3,700
Net Margin	11.3%	15.9%	17.6%	18.4%	18.7%
Diluted Share Cap. (mn)	81.9	81.9	81.9	81.9	81.9
Diluted EPS (INR)	9.9	19.6	28.4	37.5	45.2
Diluted EPS Growth	-3.0%	98.6%	44.8%	32.2%	20.5%
Total Dividend + Tax	109	123	184	184	185
Dividend Per Share (INR)	1.3	1.5	2.2	2.2	2.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	819	2,162	3,139	4,148	5,000
Depn. & Amort.	161	266	402	512	566
Net Interest Exp. / Inc. (-)	37	-46	-218	-291	-384
Inc (-) / Dec in WCap.	178	-700	-1,500	-1,231	-1,105
Others	300	-31	0	0	0
Taxes Paid	-243	-467	-816	-1,078	-1,300
Operating Cash Flow	1,252	1,183	1,007	2,059	2,777
Capex	-2,809	-1,946	-2,000	-1,000	-1,000
Free Cash Flow	-1,557	-763	-993	1,059	1,777
Inc (-) / Dec in Investments	-660	0	0	0	0
Others	-185	-293	221	291	384
Investing Cash Flow	-3,654	-2,239	-1,779	-709	-616
Inc / Dec (-) in Capital	4	41	0	0	0
Dividend + Tax thereon	208	4,655	-187	-184	-185
Inc / Dec (-) in Loans	2,181	-2,085	-82	0	0
Others	0	0	0	0	0
Financing Cash Flow	2,394	2,611	-269	-184	-185
Inc / Dec (-) in Cash	-9	1,555	-1,041	1,166	1,976
Opening Cash Balance	305	297	1,852	811	1,977
Closing Cash Balance	297	1,852	811	1,977	3,953

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,740	13,096	15,235	18,120	21,635
Share Capital	369	409	409	409	409
Reserves & Surplus	6,371	12,687	14,826	17,711	21,226
Preference Share Capital	0	0	0	0	0
Minority Interest	88	105	105	105	105
Total Loans	2,166	82	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	8,994	13,283	15,339	18,225	21,740
Net Fixed Assets	4,958	6,439	8,037	8,525	8,959
Gross Fixed Assets	4,030	5,676	8,979	9,979	10,979
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	698	964	1,366	1,878	2,443
Capital WIP	1,254	1,303	0	0	0
Investments	236	637	637	637	637
Current Assets	5,765	8,417	9,356	12,294	15,860
Inventories	1,567	1,799	2,886	3,651	4,337
Sundry Debtors	2,064	2,905	3,798	4,805	5,709
Cash & Bank Balances	297	1,852	811	1,977	3,953
Loans & Advances	16	22	22	22	22
Other Current Assets	1,822	1,839	1,839	1,839	1,839
Current Liab. & Prov.	1,965	2,210	2,690	3,231	3,716
Current Liabilities	1,346	1,608	2,088	2,629	3,114
Provisions & Others	619	602	602	602	602
Net Current Assets	3,800	6,207	6,666	9,063	12,144
Total - Assets	8,994	13,283	15,339	18,225	21,740

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.3%	15.9%	17.6%	18.4%	18.7%
Asset Turnover (x)	0.9	0.9	0.9	1.0	1.0
Leverage Factor (x)	1.2	1.1	1.0	1.0	1.0
RoE	12.7%	16.2%	16.4%	18.4%	18.6%

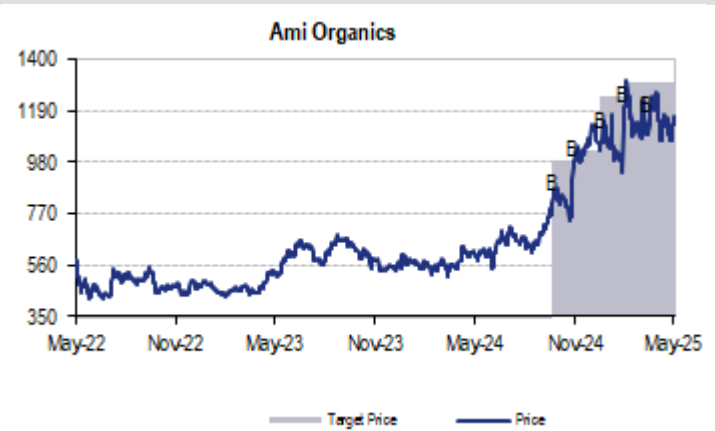
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	82.3	160.0	186.1	221.3	264.3
ROIC	9.7%	15.8%	17.5%	19.3%	20.9%
ROE	12.7%	16.2%	16.4%	18.4%	18.6%
Net Debt/Equity (x)	0.2	-0.2	-0.1	-0.1	-0.2
P/E (x)	117.7	59.3	41.0	31.0	25.7
P/B (x)	14.1	7.3	6.2	5.3	4.4
EV/EBITDA (x)	75.5	40.1	28.3	21.2	17.5
EV/Sales (x)	13.5	9.2	7.1	5.6	4.6
Debtor days	105	105	105	105	105
Inventory days	80	65	80	80	80
Creditor days	83	74	76	77	77

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
19-Sep-24	Buy	982	
29-Oct-24	Buy	1,027	4.6
17-Dec-24	Buy	1,250	21.7
29-Jan-25	Buy	1,303	4.2
12-Mar-25	Buy	1,303	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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